Strengthening the micro-finance sector

4183. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether the Planning Commission in a report on strengthening the micro-finance sector has pointed out that there is an urgent need for the Centre to come out with a national policy on micro-finance with a view to financially empower the Below Poverty Line (BPL) families, reduce overall poverty in the country and evolve a coordinated strategy for a faster and smoother growth of the sector;

(b) if so, whether Government has considered the panel's recommendation; and

(c) if so, by when a final decision is likely to be taken on the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Report of the Steering Committee on Microfinance and Poverty Alleviation (May 2007), constituted under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission, recommended the need for a concerted effort on the part of the various agencies and the service providers involved in the sector of microfinance to come together to evolve a coordinated strategy for a faster and smoother growth of the sector.

The Government has already taken a number of steps for financial empowerment of Below Poverty Line farmers and other poor people. The constitution of the Financial Inclusion Fund (FIF) for meeting the cost of promotional and developmental interventions and the Financial Inclusion Technology Fund (FITF) for meeting the cost of technology adoption, with an overall corpus of Rs. 500 crore each, are steps in that direction.

Further, the Government, in recent years, have also initiated several measures in consultation with RBI and NABARD for financial empowerment of poor people. Banks have been instructed to achieve financial outreach through opening of "No Frills" accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisation like Farmers Clubs, NGOs, Post Offices on the lines of Business Facilitator/Business Correspondent Model and to finance oral lessees and landless agricultural labourers through the Self Help Group and Joint Liability Group approach, etc.

Besides, pursuant to the announcement in the Union Budget 2008-09, Government has advised Indian Banks' Association to suitably advise the commercial banks to add at least 250 rural household accounts every year at each of their rural and semi-urban branches.

Selling of small under-performing public sector banks

4184. SHRI HARISH RAWAT: Will the Minister of FINANCE be pleased to state:

(a) whether a high level committee set up by Government has mooted a proposal to sell the small and under-performing public sector banks in the country;

(b) if so, the details thereof;

(c) whether Government after reconsideration proposes to merge the small and under-performing public sector banks with profit earning banks rather than selling them; and

(d) if so, the reaction of Government in this regard?